

**223—48.4(303,404A) Qualified and nonqualified rehabilitation costs.**

**48.4(1)** Qualified rehabilitation costs are as defined in Section 47, rehabilitation credit, of the Internal Revenue Code. To view Section 47 online, visit [www.nps.gov/history/local-law/FHPL\\_RehabCredit%20.pdf](http://www.nps.gov/history/local-law/FHPL_RehabCredit%20.pdf).

**48.4(2)** Costs deducted as expenses in the tax year in which they are paid or incurred are nonqualified rehabilitation costs for determination of historic tax credits.

**48.4(3)** Architectural and engineering fees, site survey fees, legal fees, insurance premiums, development fees and other construction-related expenses are qualified rehabilitation costs for determination of historic tax credits to the extent they increase the tax basis of the eligible property.

**48.4(4)** Sidewalk, parking lot and landscaping expenses are nonqualified rehabilitation costs for determination of historic tax credits.

**48.4(5)** Only qualified rehabilitation costs incurred beginning two years prior to the project completion date and ending on the project completion date may be used for determination of historic tax credits.

*a.* Qualified rehabilitation costs incurred prior to approval by the SHPO of part two of the application (see rule 48.6(303,404A)) may be considered in the determination of historic tax credits.

*b.* Owners who undertake rehabilitation projects without prior approval from the SHPO do so at their own risk.